

GOVERNMENT OF ANDHRA PRADESH  
ABSTRACT

Industries & Commerce Department – “Automobile & Automobile Components Policy 2015-20” – Orders -Issued.

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INDUSTRIES AND COMMERCE (IP &INF) DEPARTMENT

G.O.MS.No. 34

Dated:29-04-2015.

Read:

G.O.Ms.No.197, Ind. & Com. Dept. dated: 01.12.2014

**ORDER:**

In the G.O. read above orders were issued for certain fiscal incentives to the Auto Mobile Industry.

2. The automotive industry has been an important driver of growth, income, employment, and innovation throughout the world in the last 100 years. The Indian Automotive Industry has been growing steadily with an expanding domestic and export market during the past decade. By 2020, India is expected to become a major automobile manufacturing hub and one of the largest market for automobiles. The Automobile and Auto Components Industry has a strong potential for growth in the state of Andhra Pradesh owing to a broad base of automotive component manufacturers and a large pool of highly trained and skilled manpower.

3 A policy needs to be formulated, which is aimed at establishing state-of-the-art infrastructure, providing conducive regulatory environment for investors, fostering innovation, promoting skill development and creating employment opportunities in Automobile and Auto Components sector in Andhra Pradesh.

4. Government with a view to make Andhra Pradesh one of the major Automobile hub, has prepared Automobile and Auto Components Policy 2015-20 after extensive consultations with stakeholders, Industrial Associations and Industrial experts. In supersession of the orders issued in the G.O.Ms.No.197, Ind. & Com. (IP &INF) Dept. dated 1.12.2014, Government after careful examination, hereby introduce Automobile and Auto Components Policy 2015-20. The detailed policy document is appended at Annexure-I.

5. Under the Automobile and Auto Components Policy, Government approved the following benefits covering the categories of (1) Non-fiscal Incentives (2) Mega Integrated Automobile Project (3) Ancillary units of Mega Integrated Projects (4) Mega Projects and (5) Auto Clusters and Automotive Suppliers Manufacturing Centers Developers

**5.1.0 Non-fiscal Incentives**

- 5.1.1 The Government shall introduce a set of initiatives that will ease the compliance procedures for new and existing automobile and auto component companies.
- 5.1.2 Permission to the automobile and auto components industry for 24x7 (three shifts) operations, employment of women in the night shifts, flexibility in employment conditions including working hours for women and shorter or longer shift timings and hiring of contract workers.
- 5.1.3 The automobile industry will be declared to be a 'Public Utility' under the Industrial Disputes Act, 1947 in order to prevent flash strikes.
- 5.1.4 GoAP shall create an e-platform for facilitating all industrial clearances in 21 working days. This platform shall integrate requisite pre/post commencement services and clearances provided by multiple state agencies/departments through the investment lifecycle.

- 5.1.5 Impetus would be given to establish industry-academia partnerships to promote apprenticeship model and R&D related to the industry. GoAP shall also strive to set-up quality testing cum R&D laboratories in collaboration with leading global institutions.
- 5.1.6 GoAP will strive to set up multiple world class Automotive Suppliers' Manufacturing Centers (ASMC) at various locations and 2 major Auto Clusters in the districts of Nellore and Chittoor.

### **5.2.0 Mega Integrated Automobile Project**

The mega integrated automobile project will mean automobile projects that will have engine plant, press shop, Body shop, transmission line, assembly line, paint shop etc. either on its own or in consortium or joint venture mode in the same location with investments over and above ₹1500 crore which will bring ancillary units of a minimum of ₹500 crore investment within 3 years. This investment will include the investment made in land, building and plant & machinery only.

- 5.2.1 Government Land at a concessional rate on a case to case basis, wherever land is available
- 5.2.2 Uninterrupted 24 hours power supply would be provided
- 5.2.3 4 lane road connecting the plant to the nearest national highway or state highway will be provided
- 5.2.4 100% CST reimbursement for 10 years or GST regime whichever is earlier
- 5.2.5 Gross VAT/SGST reimbursement on sale of finished goods for 20 years or 150% of capex spent in first 7 years, whichever is earlier
- 5.2.6 Concessional VAT/SGST rates on inputs/raw materials & capital goods @ 5% for 20 years.
- 5.2.7 Reimbursement of VAT/SGST of input credit for a period of 20 years
- 5.2.8 No entry tax and no Octroi duties on any items procured by the investors
- 5.2.9 Reimbursement of stamp duty and transfer duty on the lands meant for industrial use
- 5.2.10 Water Supply will be made at 50% of the price of existing industrial supply tariff for the initial 5 years from the date of commencement of commercial production

### **5.3.0 Ancillary units of Mega Integrated Projects**

Ancillaries with minimum sale of 50% of their product to the mother unit for 5 years from the date of commencement of production, will be eligible for the following incentives:

- 5.3.1 75% reimbursement of Gross VAT/CST/SGST for 10 years from the date of commencement of production or 100% of capex spent in first 7 years, whichever is earlier.
- 5.3.2 The Input Tax of these ancillaries will be equated to the input tax of mother plant.

### **5.4.0 Other Incentives for MSME Automobile and Auto Components**

- 5.4.1 75% Reimbursement of cost involved in obtaining patent registration, subject to a maximum of ₹25 lakh for MSME units
- 5.4.2 Reimbursement of 50% of cost involved in obtaining quality certification, subject to a maximum of ₹5 lakh for MSME units.
- 5.4.3 Reimbursement of 50% cost of participation with a maximum amount of ₹5lakh to maximum of 10 MSME units per year for participating in international trade fairs.

**5.5.0 Mega Project** - Project with capital investment of over ₹500 crore or creating employment for over 2000 people will be accorded mega project status and tailor made incentives will be offered based on factors such as investment and technology.

### **5.6.0 Auto Clusters and Automotive Suppliers Manufacturing Centers Developers**

5.6.1 Financial assistance of 50% on fixed capital investments in building and common infrastructure, up to a maximum of ₹20 crore for Developers of Auto Clusters and Automotive Suppliers Manufacturing Centers (ASMC)

6. The policy will come into operation from date of issue of this order and shall remain in force for five years or upto 31-03-2020. The Incentives mentioned in the Policy will be extended to industries as per guidelines to be notified separately.

7. This order issues with the concurrence of Finance (EBS-VIII) Department, vide their file C. No.2013-F/101/EBS-VII-Rev-I&C/A2/2015, Fin. (EBS.VIII) Dept., dated:28.04.2015.

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

**S.S. RAWAT**  
**SECRETARY TO GOVERNMENT & CIP**

To

The Director of Industries, GoAP, Hyderabad.

The VC & MD, APIIC, Hyderabad.

The VC & MD, APIDC, Hyderabad.

The MD, APSFC, Hyderabad.

The Irrigation & CAD Department

The Revenue ( Assn.) Department

The Revenue (CT) Department.

The Revenue (Regn.) Department.

The Energy Department.

All the Departments in the A.P. Secretariat.

Copy to

The Finance (Expr. Ind. & Com) Department.

The Law Dept.

The I&CAD Department.

The Energy Department.

The I & I Dept.

The IG & Commissioner of Registration and Stamps, A.P., Hyd.

The Commissioner of Commercial Taxes, GoAP, Hyderabad.

All the HODs under the administrative control of Ind.& Com. Dept.

**//FORWARDED:: BY ORDER//**

**SECTION OFFICER**

**Annexure-I**

**(G.O.MS.No. 34, Ind. & Com. (IP & INF) Dept., Dt: 29.04.2015)**

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# **Automobile & Auto Components**

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**Government of Andhra Pradesh**

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### List of Abbreviations

<b>24X7</b>	24 hours a day; 7 days a week
<b>ACCIF</b>	Andhra Chamber of Commerce and Industry Federation
<b>ACMA</b>	Automotive Components Manufacturers Association of India
<b>AP</b>	Andhra Pradesh
<b>APSSDC</b>	AP State Skill Development Corporation
<b>ASC</b>	Automotive Support Center
<b>ASMC</b>	Automotive Suppliers Manufacturing Center
<b>FDI</b>	Foreign Direct Investment
<b>GDP</b>	Gross Domestic Product
<b>GoAP</b>	Government of Andhra Pradesh
<b>GoI</b>	Government of India
<b>GSDP</b>	Gross State Domestic Product
<b>IBEF</b>	India Brand Equity Foundation
<b>INR or `</b>	Indian Rupee
<b>ISO</b>	International Organization for Standardization
<b>MSME</b>	Micro, Small & Medium Enterprise
<b>MW</b>	Megawatt
<b>NATRiP</b>	National Automotive Testing and R&D Infrastructure Project
<b>NSDC</b>	National Skill Development Corporation
<b>OEM</b>	Original Equipment Manufacturer
<b>PPP</b>	Public Private Partnership
<b>SC/ST</b>	Scheduled Caste/ Scheduled Tribe
<b>USD</b>	United States Dollar
<b>YoY</b>	Year on year

## 1. Introduction to Andhra Pradesh

Andhra Pradesh is strategically located on the Southeast coast of India and is a natural gateway to East & Southeast Asia. The state has a population of 4.93 crore (as per population census - 2011), accounting for 4% of country's population, residing in 4.9% of country's geographical area. Andhra Pradesh has abundant natural resources (barytes, limestone, bauxite, and a number of minor minerals), fertile land and river basins, water resources, extensive canal system and conducive agro-climatic conditions. The State has the second longest coastline in India and is also one of the largest producers of marine products.

At current prices, the Gross State Domestic Product (GSDP) of Andhra Pradesh was ₹4,75,859 crore in 2013-14. Between 2004-05 and 2012-13, the average annual GSDP growth rate of Andhra Pradesh was 7.25% while the average per capita income at (current prices) increased from ₹46,345 in 2008-09 to ₹88,876 in 2013-14.

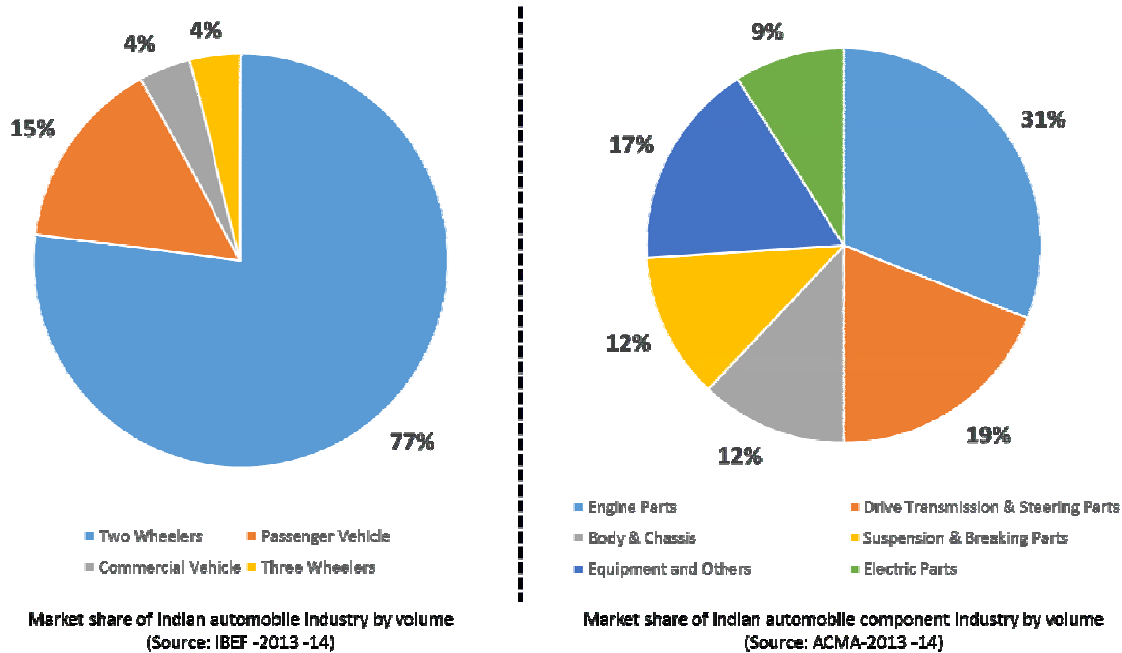
## 2. Introduction to the sector

### 2.1. Market Overview:

The Indian Automotive Industry has been growing at an appreciable pace with an expanding domestic and export market during the past decade. By 2020, India is expected to become a major automobile manufacturing hub and one of the largest market for automobiles. India's capabilities in frugal engineering have lent it the nickname of being the world's "small car capital".

- i. The Indian automobile industry accounts for 22% of the country's manufacturing GDP and is one of the biggest job creators, both directly and indirectly
- ii. With an average annual production of 17.5 Million vehicles, India is currently the 7th largest automobile producer in the world. By 2016, India is expected to become the fourth largest automotive market by volume
- iii. Indian auto components industry accounts for around 7% of India's GDP and provides employment opportunities to about 19 million people
- iv. Turnover of the Indian auto component industry in 2012-13 was USD 39.7 Billion and is expected to reach USD 115 Billion by 2020-21 as per estimates by Automotive Component Manufacturers Association of India (ACMA)
- v. India is the world's largest manufacturer of motorcycles, the second-largest two-wheeler manufacturer, and the fifth largest commercial vehicle manufacturer in the world
- vi. The cumulative foreign direct investment (FDI) inflow into the Indian automobile industry from April 2000 to August 2014 was USD 10.11 Billion

- vii. The Indian automobiles sector is categorized into four different sub sectors: Two Wheelers, Passenger Vehicles, Commercial Vehicles, and Three Wheelers



2.2. Export Potential/ Domestic Consumption

Demographically and economically, India’s automotive industry is well-positioned for growth, servicing both domestic demand and increasingly, export opportunities.

2.2.1. Export Potential

- i. India is set to emerge as the destination of choice for design and manufacture of automobile and auto components with its annual output reaching USD 145 Billion by 2016. This would then account for more than 10% of India’s GDP and would provide 25 Million additional employment opportunities
- ii. The exports of auto components registered a YoY growth of 16.7 % to ₹61,487 crore (USD 10.04 Billion) in 2013-14 and are projected to reach USD 12 billion by FY 15-16 and to USD 30 billion by FY 20-21. Majority of Indian auto component exports are to countries in Europe, which account for 38.11 % of total exports, followed by countries in Asia with 25% share

Drivers of growth

a) Central Government Initiatives:

- i. The Government of India allows 100% FDI under the automatic route
- ii. The Government has set up National Automotive Testing and R&D Infrastructure Project (NATRiP) at a total cost of USD 388.5 Million to enable the industry to be technologically atpar with global standards

**b) Investments:**

- i. To meet the burgeoning domestic demand, many auto makers have begun to invest in various segments in the industry in the last few years. The industry has attracted FDI worth USD 11.35 Billion during the period April 2000 to November 2014

**c) Skilled Local Workers:**

- i. The country has over 1900 polytechnics and over 10,000 engineering colleges that feed the industry's requirement for skilled manpower. India has one of the highest number of qualified graduate engineers in the world

**d) Rich resource base of steel:**

- i. India is the 4th largest producer of steel in the world and is slated to become the 2nd largest steel producer by end of 2015. The cost of making steel is also significantly lower than other countries

**2.2.2. Domestic Consumption**

Low per capita ownership of cars, rising prosperity and the increasing affordability of vehicles offers a healthy outlook for the Indian automotive industry. The growth of Indian automobile industry in 2014 rode primarily on the two-wheeler segment.

**Drivers of Growth:****a) Expanding Road Network:**

- i. India has the second largest road network in the world at 4.7 Million km. Road development activity has gradually increased over the years with an improvement in connectivity between cities, towns and villages in the country. The Government of India has set aside 20% of the investment of USD 1 Trillion reserved for infrastructure during the 12th Five-Year Plan (2012–17) to develop country's roads. This is projected to give a fillip to the demand for cars and other vehicles

**b) Rising Disposable Income:**

- i. There has been a steady increase in the disposable income in India. India's share-of-wallet is shifting from basic necessities to discretionary items. India is also projected to add over 68 Million households to its already significant middle class by 2030, which would drive an ever increasing demand for automobiles

**c) Significant headroom for growth:**

- i. India is home to the second largest population in the world. The estimated population in 2014 is 1.25 Billion people living in over 206 Million households
- ii. Currently, there are only 16 passenger vehicles per'000 population, 5 commercial vehicles per'000 population and 85 two wheelers per'000 population
- iii. Projected increase in India's working-age population is likely to help stimulate the burgeoning market for private vehicles
- iv. It is estimated that by 2020, migration on account of urbanization/ suburbanization shall be over 140 Million

## Why Andhra Pradesh

### 2.3. Andhra Pradesh's position as a manufacturing hub

The Automobile and Auto Components Industry has a strong presence in the state of Andhra Pradesh owing to a broad base of automotive component manufacturers and a large pool of highly trained and skilled manpower.

- i. The automobile sector in Andhra Pradesh has a potential for USD 2 Billion investment and USD 3.50 Billion output, according to a recent analysis by Automotive Components Manufacturers' Association of India (ACMA)
- ii. Andhra Pradesh has to its credit, more than a 100 automotive component manufacturers (including first-tier suppliers and OEMs) which specialize in various auto components such as gears, pistons and axles
- iii. Over half the cylinder liners and clutch plates in India are being produced in Andhra Pradesh

### 2.4. Tactical advantages that Andhra Pradesh offers

#### a) Excellent Port Logistics:

- i. Andhra Pradesh has 1 major (Visakhapatnam) and over 14 notified minor, deep water ports. This infrastructure provides ample opportunities to industries to develop export trade relations with various countries across the globe
- ii. The State is actively encouraging the private sector to improve the port infrastructure and 6 ports are under various stages of development in the PPP mode. Additionally, Andhra Pradesh has prepared a perspective development of ports according to which a cargo of 200 Metric Ton would be handled by 2019-20 which is almost 4X the current figure of 58 Metric Ton

#### b) Industrial Corridors (VCIC/ CBIC)

- i. Andhra Pradesh has the unique distinction of being the only state in India being part of two of the three major industrial corridors presently under implementation in the country
- ii. GoAP is in advanced stages of securing funding from the Asian Development Bank (ADB) for developing infrastructure in the Vizag-Chennai Industrial Corridor (VCIC) which shall stretch from Visakhapatnam to Nellore. Four important nodes have been identified along the corridor and intra/inter node connectivity and infrastructure projects are under advanced stages of planning
- iii. Krishnapatnam has been identified as one of the three nodes in the JICA supported Chennai Bengaluru Industrial Corridor (CBIC)

#### c) Large Land Bank:

- i. The state of Andhra Pradesh has an identified land bank of 3 lakh acres and is further in the process of consolidating an additional industrial land bank of approximately 7 lakh acres. This consolidated land bank of 10 lakh acres would give

the state a strategic edge in attracting investments. This land would be administered in accordance with the New Industrial Policy 2015-20

- ii. It is proposed to set up at least 2 auto clusters in the state

**d) Reliable Infrastructure:**

- i. The GoAP is committed to supplying 24X7 reliable, quality power to industry. While the state is currently power surplus, it has embarked on an ambitious plan to add another 16,484 MW of power generation capacity by 2019-20
- ii. The state is also committed to invest in and ensure adequate and world class infrastructure and common facilities across industrial parks, manufacturing zones, Industrial corridor nodes etc.

**e) Abundant availability of skilled manpower:**

- i. Andhra Pradesh provides highly skilled resources which affirms its comparative lead with reference to skill sets required in the automobile sector
- ii. The state has over 200 polytechnics and 225 engineering colleges that feed the industry's requirement for skilled manpower

### **3. Policy Targets and Objectives**

The proposed Policy targets and objectives are as follows:

- a) To make Andhra Pradesh one of the most preferred destinations for automobile and auto component investments
- b) Attract new investments worth at least ₹20,000 crore in the sector by 2020
- c) Create additional employment opportunities for 200,000 personnel in the sector by 2020
- d) Attract mega automobile projects in the state and promote the establishment of new auto clusters
- e) Identify and address the existing infrastructure gaps affecting the automobile and auto components industry
- f) Promote Innovation, Research and Development in the industry and ensure continuous technology up gradation
- g) Encourage skill development in the automobile domain with the help of PPP and Industry- Institution partnerships

### **4. Policy Validity**

The policy will be valid for 5 years from the date of notification.

### **5. Supersession**

This policy supersedes any previous policy on Automobile and Auto Components sector by the state.

## 6. Definition of Project

### 6.1. Micro, Small and Medium Enterprise (MSME):

GoAP will follow the MSME definition laid out by Government of India for MSME as per MSME Act 2006. The definition for MSMEs will be revised automatically as per the guidelines of GoI from time to time.

### 6.2. Large Industrial Project

Large Project is an industry unit in which the investment on plant and machinery is less than ₹500 crore and more than the investment threshold for Medium enterprises decided by the MSME Act 2006 of GoI.

### 6.3. Mega Project

Project with capital investment of over ₹500 crore or creating employment for over 2000 people will be accorded mega project status and tailor made incentives will be offered based on factors such as investment and technology.

### 6.4. Mega Integrated Project

The mega integrated automobile project will mean automobile projects that will have engine plant, press shop, Body shop, transmission line, assembly line, paint shop etc. either on its own or in consortium or joint venture mode in the same location with investments over and above ₹1500 crore which will bring ancillary units of a minimum of ₹500 crore investment within 3 years. This investment will include the investment made in land, building and plant & machinery only.

## 7. Ease of Doing Business

The Government shall introduce a set of initiatives that will ease the compliance procedures for new and existing automobile and auto component companies.

- a) **Labor Concessions:** Subject to applicable laws, the Government will give permission to the automobile and auto components industry for 24x7 (three shifts) operations, employment of women in the night shifts, flexibility in employment conditions including working hours for women and shorter or longer shift timings and hiring of contract workers. The automobile industry will be declared to be a 'Public Utility' under the Industrial Disputes Act, 1947 in order to prevent flash strikes.
- b) **Single Desk Clearance:** GoAP shall create an e-platform for facilitating all industrial clearances in 21 working days. This platform shall integrate requisite pre/post commencement services and clearances provided by multiple state agencies/departments through the investment lifecycle. Other similar initiatives as per the New Industrial Policy 2015-20 would be applicable to the Automotive/ Auto Components Sector.

## 8. Skill Development initiatives

- a) Impetus would be given to establish industry-academia partnerships (with state universities, IIT, IIIT and IIM) to promote apprenticeship model and R&D related to the industry

- b) GoAP shall also strive to set-up quality testing cum R&D laboratories in collaboration with leading global institutions. These facilities would be accessible to all manufacturers in the sector (having manufacturing units in Andhra Pradesh) and would be set up on a PPP basis
- c) GoAP has set up APSSDC on lines of the National Skill Development Corporation (NSDC), a not-for-profit company under the Companies Act, 2013
- d) APSSDC will provide funding to build scalable, for-profit vocational training initiatives. It will also enable support systems such as quality assurance, information systems and train the trainer academies either directly or through partnerships
- e) State will identify required quantum of skilled manpower, map industry specific skill sets and provide courses at different levels of education – matriculation and above

## **9. Automotive Suppliers Manufacturing Centers (ASMC)**

- a) GoAP will strive to set up multiple world-class Automotive Suppliers' Manufacturing Centers (ASMC). These centers shall be industrial parks dedicated to Auto Component manufacturers and suppliers which shall help them meet the expectations of Auto OEMs in terms of product quality, reliability and cost competitiveness. Units which propose to engage in manufacturing of cutting edge products and innovative manufacturing practices, shall be given preference for allotment of facilities in the ASMC
- b) This center shall offer space, area development, shared business services and optimized logistics services in order to enable a "Plug and Play" business environment. GoAP shall, preferably in a PPP mode, develop the following common infrastructure:
  - i. Common design and Technology facilities for use by all automotive and auto component units
  - ii. Facilities like Laser cutting center, Prototype Production Facility Center, rubber testing lab, polymer testing lab, environmental and endurance testing lab etc.
  - iii. State of art training facilities, boardroom, and exhibition center for trade fairs
  - iv. Common infrastructure such as Drainage/ Effluent Treatment/ Solid Waste management & utilities including Power, Gas and Water
  - v. Social infrastructure such as housing, primary healthcare, dormitories, schools etc.

## **10. Auto Cluster**

- a) GoAP plans to set up 2 major auto clusters (apart from the ASMCs mentioned above) which will cater to Automobile companies, in the PPP mode in districts of Nellore and Chittoor. These Clusters shall have similar common infrastructure (like that of ASMCs) albeit on a larger scale. These clusters shall have integrated townships with schools, hospitals, housing etc. (to be developed on a PPP basis)
- b) The proposed Auto Clusters shall also house dedicated Skill Development centers which shall be set up by ASSDC in conjunction with industry associations for Automobile & Auto Components. This shall enable on-the-job training of labour and lowering of costs related to training for companies

## 11. Infrastructural Support

- a) **Land:**GoAP is committed to speed up the process of making land available to investors. Auto Components industry which follows its principals to new locations, collectively pool in similar kind of investments as the OEM who brings in mega projects. Considering this, in case of Mega Integrated automobile projects, the Government will offer land to dependent ancillary units at the same rates as offered to respective OEM (wherever Government allocates land to OEM and upto a maximum of 50% of the land allocated to OEM).
- b) **Quality Power:** Automobile and Auto Components industry is quality power intensive and power sensitive. The GoAP is committed to supplying 24X7 reliable, quality power to industry. Power Subsidy as envisaged under the New Industrial Policy 2015-20 shall be made available to the Automotive/ Auto Components units.
- c) **Water:**Industrial water is one of the essential requirements of automobile and auto components industry. The GoAP shall support setup of water treatment plants in private public partnerships in/around major auto hubs in order to meet this requirement.
- d) **Export Oriented Units:** For export focused units, the incentives as per the Export policy of the state shall be applicable, over and above what is made available under this policy.
- e) **Rail and Road Connectivity:**The GoAP shall strive to construct elevated expressways to decongest roads to the industrial areas and will also look to ensuring better road access to ports as this would enhance competitiveness of the state and the industry, providing conducive logistical infrastructural support for industrial development. Vizag-Chennai industrial corridor and Chennai-Bengaluru Industrial Corridor that are being developed with financial assistance from Asian Development Bank and Japan International Cooperation Agency respectively, will also provide excellent road and rail connectivity for freight movement to and from ports and logistic hubs.

## Fiscal Incentives

### a) Capital Subsidy for common infrastructure in Auto Clusters and ASMC Developers

Developers of Auto Clusters and Automotive Suppliers Manufacturing Centers (ASMC) shall be provided financial assistance of 50% for fixed capital investments in building and common infrastructure, up to a maximum of ₹20 crore.

### b) Patent Cost & Quality Certification cost reimbursement

GoAP proposes to provide financial assistance towards expenses incurred for patent registration and for quality certifications. The financial assistance will be limited to 75% of the cost, subject to a maximum of ₹25 lakh for obtaining patent registration and 50% of all charges, subject to a maximum of ₹5 lakh paid for obtaining quality certification. This would be applicable only to MSME units.

### c) Marketing incentives:

50% of cost of participation with a maximum amount of ₹5 lakh to be reimbursed to maximum of 10 MSME units per year for participating in international trade fairs.

## 12. Special incentives for Mega integrated automobile projects

Mega Integrated Automobile Projects shall additionally be eligible for the following incentives:

- a) **Land:** Government Land, where available, at a concessional rate on a case to case basis.
- b) **Other industrial infrastructural facilities:**
  - i. Uninterrupted 24 hours power supply would be provided
  - ii. 4 lane road connecting the plant to the nearest national highway or state highway will be provided
- c) **State Fiscal Incentives:**
  - i. 100% CST reimbursement for 10 years or GST regime whichever is earlier
  - ii. Gross VAT/SGST reimbursement on sale of finished goods for 20 years or 150% of capex spent in first 7 years, whichever is earlier
  - iii. Concessional VAT/SGST rates on inputs/raw materials & capital goods @ 5% for 20 years.
  - iv. Reimbursement of state VAT/SGST of input credit for a period of 20 years
  - v. No entry tax and no Octroi duties on any items procured by the investors
  - vi. Reimbursement of stamp duty and transfer duty on the lands meant for industrial use
  - vii. Water Supply will be made at 50% of the price of existing industrial supply tariff for the initial 5 years from the date of commencement of commercial production

### d) Ancillary units of Mega Integrated Projects

Ancillaries with minimum sale of 50% of their product to the mother unit for 5 years from the date of commencement of production, shall be eligible to avail 75% reimbursement of Gross VAT/CST/SGST for 10 years from the date of commencement of production or 100% of capex spent in first 7 years, whichever is earlier. The Input Tax of these ancillaries shall be equated to the input tax of mother plant.

### 12.1. Expectations from Mega Integrated automobile project proponent

- a) The project (mother plant) should be fully established within 3 years
- b) The project proponent should make investment in training either by creating its own training facility or by supporting and collaborating with local technical institutions by way of provision of hardware, software, faculty etc. and thus create high quality trained manpower in the region to support the automobile industry
- c) To undertake CSR in an effective manner

Note: Incentives mentioned in the Automobile & Auto Components Policy 2015 - 20 will be extended to industries as per guidelines to be notified separately.

**S.S. RAWAT**  
**SECRETARY TO GOVERNMENT & CIP**